4. Extending provision for Federal interest benefits for 5 years, through Fiscal Year 1973.

Finally, we propose that authorizations for the federally insured program be extended 2 years, through Fiscal Year 1970. Although there are now 35 State agencies and although several new agencies are under consideration in the remaining States, it is certain that a State program will not be established in every State by June 30, 1968. Additional action needs to be taken by the legislatures in a number of States, some of which have no scheduled session until next year. Additional changes will probably be required in some existing State programs before the reinsurance system can be adopted or appropriations made for the matching requirement of additional seed money.

If the Federal program is permitted to lapse on June 30, as it would without the extension we propose, it is highly likely that loans will not be available for the next academic year for students in a number of States, some of which already have access to the Federal program. Although the re-insurance proposal may make it unnecessary to continue the Federal insurance, it may take a period of time before regulations and procedures can be established and the program made operative.

In order that the administration of the program may continue through existing State agencies, even when it is the federally sponsored program, we propose a final change that would authorize the Federal Government to contract for the issuance of Federal insurance to an existing State agency. In 4 of the 17 States (New Jersey, Hawaii, Indiana, and Vermont) where the Federal insurance is now operative, the majority of the paperwork and contact with lenders is being administered through the State agency, but with the final issuance of the insurance commitment being made by one of the nine Office of Education regional offices. The change we are requesting would enable a State official to perform this task.

Thus, these amendments in the Part A and B programs of title IV of the Higher Education Act, covering as they do the four major student financial aid programs operated by the Federal government, will provide a responsive and sensitive mechanism through which institutions of higher education, State agencies, and the Federal government may jointly strive toward the day when no qualified student who desires a program beyond high school will be denied that opportunity because of economic disadvantage or family background.

IMPROVEMENT OF GRADUATE PROGRAMS

The purpose of this new program is to broaden and strengthen the institutional base for high-quality doctoral programs in the nation. The program is aimed specifically at those institutions with already established doctoral programs not generally considered to be among the top doctoral producers of the country, but with a demonstrated capacity for high quality work in a limited range of fields. Adoption of the program will strengthen the institutional capacity of American graduate education to produce qualified individuals for research and teaching, and will greatly increase the accessibility of graduate centers of excellence to the rapidly expanding number of American students expected to enroll in advanced programs of graduate training.

During the past decade, undergraduate enrollments in American higher education have doubled; graduate enrollments have increased two and a half times. With this numerical growth has come a rising level of educational aspiration, so that today more than two-thirds of all undergraduates indicate their intention to continue their formal education in post-baccalaureate graduate and professional programs.

One consequence of this demand has been a great shortage of qualified faculty for both graduate and undergraduate instruction. A recent survey (1967) sent to university presidents in 150 institutions indicates that this faculty shortage is expected to persist in most fields at least into the mid-seventies. And if higher education through the first two years of college is to be made accessible to all qualified American youth, the anticipated shortages will become even more acute. Already the nation's burgeoning junior and community colleges are experiencing difficulty in finding qualified staff, and their needs for additional faculty have been estimated in a recent study to total 100,000 by 1975.

In addition to the demand generated by an expanding system of higher education, the need for graduate trained men and women on the part of other sectors of American society is also expanding at unprecedented rates. In 1962,